



Southeast Michigan Community Alliance

Serving Wayne and Monroe counties
(excluding the city of Detroit)

25363 Eureka Rd.
Taylor, MI 48180
P: 734-229-3500
F: 734-229-3501

TTY/TDD: 800-649-3777
Web: www.semca.org

Testimony In Opposition To HB 4862 and 4863

Gregory E. Pitoniak, CEO, Southeast Michigan Community Alliance

My name is Greg Pitoniak, in my role at SEMCA; I serve as the Director of the Substance Abuse Coordinating Agency for Monroe and Wayne Counties excluding the City of Detroit. As a former member of the Michigan House, it is my pleasure to appear before you today. I have a keen awareness of the challenges you confront as a legislator and thank you for your willingness to serve.

SEMCA is a multi-faceted non-profit organization created by the counties of Wayne/Monroe to manage the administration and delivery of services under both the Substance Abuse and MI Works programs. In addition, SEMCA serves as the fiduciary for Wayne Co Head Start and also for a significant foundation grant from the New Economy Initiative to fund a nine-county Workforce Intelligence Network. Finally, SEMCA has received national accreditation from the Council on Accreditation (COA) which rigorously reviews and affirms that we have met the highest standards of administration and management as a network non-profit.

SEMCA is not content to simply administer programs very well. One of the strengths of our organization is our commitment to embrace change that can result in improved services for our customers/clients or achieve greater efficiency. My opposition to HB 4862-63 is not about opposing change. I simply have not heard any substantive argument as to why this state-dictated restructuring is needed and what the benefits would be to the thousands of SA clients we serve. I respect that Rep Poleski *believes* that it would benefit the clients in his Counties. I also understand that the concept of eliminating some of the boxes on the seemingly complex org chart for the delivery of Behavioral Health programs in MI may have some appeal. Yet I find it ironic that the net practical effect of these bills would be the elimination of 8 "independent" CA's while retaining 46 CMH's and 18 PIHP's.

It is important to understand why there are 8 independent CA's and 8 merged CA's. The simple answer is that the *local* community leadership—government, health care, stakeholders, and client advocates designed it! And if the original structure was not performing to the expectations of those decision makers, they can (and have) made the necessary changes to improve outcomes. For the regions with the merged CA's, that model works best for them. The 8 independent CA's typically are those with very large population or a large area with many counties, but whatever the circumstance, no one has yet to provide any data that suggests these independent CA's are less efficient or effective. **Under current MI statutes/regs, the local community leadership currently has the ability to reorganize their CA under the model embodied in HB 4862-63 if they believe that would be a better approach.** Why would the legislature want to arbitrarily mandate this change?

Accredited by



As I am about to describe the administrative structure for the delivery of Substance Use Disorders (SUD) services in Wayne and Monroe counties, you will likely find it to be a bit complex from your vantage point. But for us at the ground level it is about partnerships and collaborations that are working quite effectively. Any complexity is not apparent to those seeking the SA/SUD services from the CA. The distinct CA structure allows those in need to simply enter the process for treatment via a referral from a health care provider or by a confidential self-initiated call to our toll-free phone #. We do an initial assessment of their needs, coordinate their treatment with one of our Providers, establish their eligibility for Medicaid or other funding, and pay those providers upon receipt of the proper documentation. For those who are also diagnosed with a mental disorder, we also coordinate their treatment and funding with our Providers and/or CMH. In the SEMCA region, we estimate that approximately 4% of our clients also qualify for mental health funding.

As the CA, SEMCA receives its *formula* SA/SUD funding directly. For the Medicaid funding, SEMCA receives its funding for Monroe from their designated PIHP—Washtenaw County Health Org (WCHO) and for Wayne County outside the City of Detroit from the Detroit Wayne County Community Mental Health Agency (DWCCMH). The Detroit Public Health Department serves as the CA for the City and they also receive their Medicaid funding from DWCCMH.

Under HB 4862-63, the mandated restructuring would generate a multitude of issues/ problems in Wayne and Monroe counties. Common to both would be the transfer of multiple Provider contracts and the loss of a CA Board with much experience and expertise about the substance abuse problems and service needs of their area. In Monroe County, the community leadership has repeatedly asserted that it prefers that SEMCA administer SA/SUD services in their County.

In Wayne County, the current 2 CA structure reflects the fact that our total population represents over 20% of the state's population. It also reflects the *local* determination that the City of Detroit should be able to decide how to address its extraordinary SA/SUD needs and to assure that the high needs in Detroit would not diminish over time the funds available for SA/SUD services in the other 42 Wayne Co cities/townships. If the Wayne Co PIHP assumes the CA function, it is inconceivable that DWCCMH would have lower administrative costs. Oakland Co provided for you last week the chart reflecting the lower ave admin percent of the CA system vs. the PIHP system. For the SEMCA CA situation, our ave employee fringe expense as a non-profit is less than 35% of our wages; For the DWCCMH Agency (PIHP), as a department of the Wayne County government, it is likely that their fringe expense percent would be 55-65%. That administrative line item alone would drain several hundred thousand dollars away from actual client services.

My final message is an appeal to your common sense. My experience as a former legislator taught me that even with the political and philosophical differences among legislators, we learned how important it was to apply the "common sense" test to all legislation before making a decision to support that bill. We have been told by MDCH leadership that by 2014, with or without the full implementation of federal health care reform, that there will need to be a far

more significant restructuring of the administrative systems that currently manage Behavioral and Physical health programs/funds. The CA restructuring proposed in HB 4862-63 that is intended to occur by 10/01/12 (impossible in Wayne County!), has no alignment or relevance with the "BIG" restructuring event that is predicted for the following 18 months. Why would we want to disrupt the SA/SUD administrative system twice in a two year period? This not only lacks common sense, it would be a boondoggle with the biggest losers being those citizens needing SA/SUD services. Please support delaying any mandated restructuring of the CA system now—let it occur as part of the larger Master Plan!